

Chapter 6



Functions of Business

- PRODUCTION
 - **Creating, growing, manufacturing or improving on goods & services**
 - Farmer grows corn
 - Ford manufactures cars
 - Co. cuts down trees.....Co. processes and makes lumber.....Home Depot buys lumber to sell to make homes. *All PRODUCTION activities.*



- Marketing

- After goods or services are created, grown or manufactured “marketing” occurs to help sell them in the Marketplace

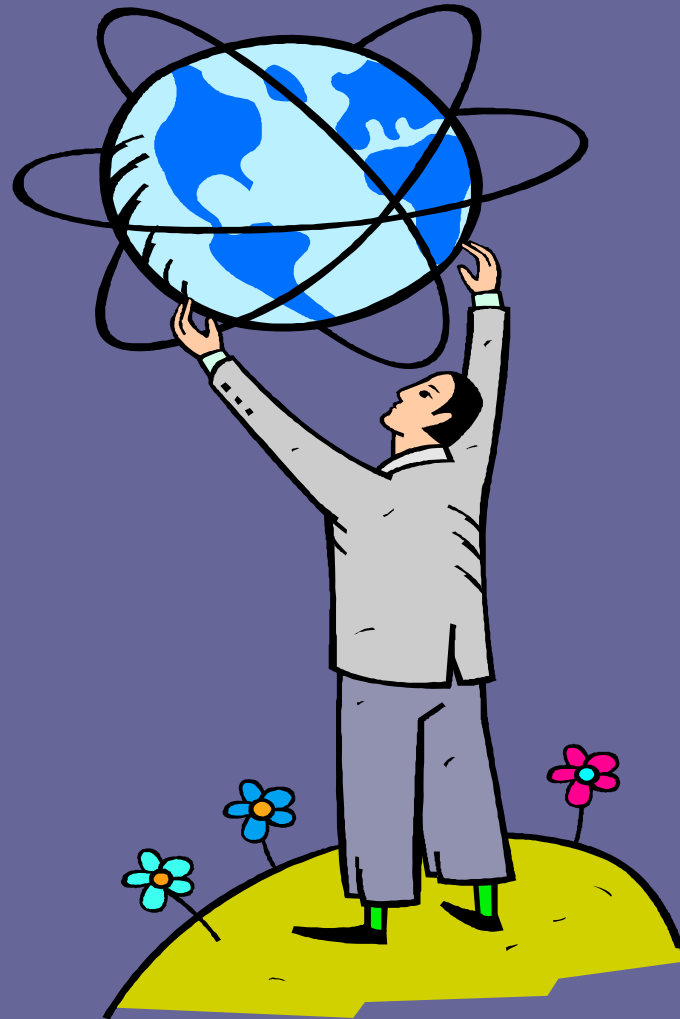


- Management
 - Management organizes the process of accomplishing business goals by using resources wisely
 - Financing is a supporting function for management
 - “Managing money”



Business Classifications

- Large vs. Small
 - 100 employees or less
= *small*
 - 95% of all US business are small
- Domestic vs. Global
 - Domestic – *Buying within the US*
 - Global – *Exchange of goods/services among nations*



- Nonprofit vs. Profit
 - Coke, Microsoft, Ford = *Profit*
 - YMCA, Christmas Box House = *Non profit*
 - All income AFTER expenses go to charitable org.
- Public vs. Private
 - Schools, Libraries, Police = *Public Sector*
 - Part of national, state or local governments



- Goods and Services

- Some businesses provide goods

- Bread

- OR the flour to make the bread

- Some businesses provide services

- Dry cleaning

- Security

- Hair Salon



Consumer & Industrial Markets

- CONSUMER MARKET:
 - Products that satisfy consumer needs and wants.
- INDUSTRIAL MARKET:
 - Those who buy from or sell to one another for business purposes



- Industrial Market Terminology

- Derived Demand:

- A need for industrial goods – created by consumers demand.....*Trucks (tires, CD players, parts etc.)*



Extractors

Businesses that take something from the earth or sea.....*Forestry, Fishing, Mining (sold to other businesses)*

- Construction

- Build houses, office buildings, Roads

- Manufacturing

- Producing goods to sell to other businesses



- WHOLESALEERS

- Distributors who buy goods from manufacturers and sell to other industrial (business) users



- RETAILERS

- Buy goods from wholesalers or manufacturers and sell to the consumer market.

